



DEFENSE FINANCE AND ACCOUNTING SERVICE

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DEC 12 2001



DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), Volume 7A, Regarding the Servicemembers' Group Life Insurance (SGLI) for Reserve Component (DFAS Item K-14)

The attached, Interim Change 49-01 to Chapter 58, Section 5807 of the DoDFMR, Volume 7A. This change incorporates OUSD policy that requires Ready Reservists who are not receiving reserve pay to make direct payment of SGLI premiums timely to their respective Service. If SGLI premium payments are not made within 60 days or more after the due date, SGLI coverage shall be terminated. This change is effective immediately.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7A.


Jerry S. Hinton
Director for Finance

Attachment:

As stated:

cc: DASD (MPP)(Comp)
OUSD (C)(ODCFO)(FP)
ODGC (F)
DFAS-GAM/DE
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-DDM/CL
DFAS-PMA/CL
DFAS-PMJE/DE

1. Revise section 5807 as follows:

5807 SERVICEMEMBERS' GROUP LIFE INSURANCE (SGLI) PROGRAM FOR RESERVE COMPONENT

580701. Definitions. See Chapter 47, section 4701 of this volume.

580702. Basic Coverage. Effective April 1, 2001, this program automatically insures eligible members against death in the amount of \$250,000, unless the member elects a reduced coverage or declines coverage. SGLI is payable upon the member's death while insured.

580703. Periods of Coverage. See Table 47-1 of this volume.

580704. Changes in Coverage. See Table 47-1. A member who is covered for an amount less than the maximum coverage may later apply for increased coverage in writing, up to \$250,000 with a proof of good health. See Table 47-1, note 7, for the only exception to the proof of good health requirement.

580705. Full-Time Coverage. Members of the Reserve Component are eligible for full-time SGLI coverage while assigned to a unit or position in which they are required to perform active duty or active duty for training; and each year will be required to perform at least twelve periods of inactive duty training that is creditable for retirement purposes as prescribed in Title 10, United States Code (U.S.C.), chapter 1223. Services SGLI procedures must provide for timely determination of the effective start dates for eligible members and stop dates whenever a member does not meet the eligibility criteria. When a member ceases to meet the conditions of eligibility for full-time SGLI coverage, the Service must notify the member of the pending termination of benefits. Also, see paragraph 470301.

A. Deduction of SGLI Premiums. See section 4707 of this volume.

B. Collection of SGLI Premiums

1. Member in a Pay Status. SGLI premiums will be collected from the member's active duty pay or drill pay whenever possible. This should apply to members who drill regularly, even if they are not scheduled to drill every month. Even though a member may not drill on a particular month and may not receive any pay, premium due is still included in the monthly transfer of funds to the Department of Veterans Affairs and must be collected from the member as quickly as possible. This can be done either by deduction from pay or direct payment from the member. DFAS will

establish a debt on the member's pay account and collect the total premium due when pay is due. When a member ceases to meet the conditions of eligibility for SGLI coverage, the member's parent Service must inform DFAS timely to allow for any final premium liability to be deducted from final pay and preclude further overpayments.

2. Direct Remitters. Each Service must have clearly established programs to identify members who are required to make a direct remittance of premiums. Services must notify members at least 30 days in advance of the date the direct remittance is due. The notice will include the amount of the payment, the date it is due and the Service's address to which the payment should be sent. The member must make remittance within 30 days from the date of the notice.

a. Failure to Make Remittance Within 60 Days. When a member fails to make the direct remittance within 60 days from the due date, the Service Secretary concerned, or designee, must notify the member of termination of SGLI coverage unless the member justifies the delinquency to the satisfaction of the Secretary concerned, or designee.

b. Termination of SGLI Coverage. When the Service Secretary concerned, or designee determines that the member failed to make direct remittance within 60 days of the due date, the Service Secretary concerned, or designee will send a "Notice of SGLI Termination" to the member's official address. The notice must clearly state that effective 60 days from the date of such notice the member's SGLI will be terminated. If the member fails to justify the delinquency within 60 days, the Service Secretary concerned shall send the "Final Notice of SGLI Termination" by certified mail to the member's official address. The Service Secretary concerned, or designee must notify DFAS of the member's effective date of termination. Once SGLI coverage is terminated, it will remain terminated with reinstatement only as approved by the Secretary of Veterans Affairs.

c. Continuation of Coverage. SGLI coverage may be continued if, and only if, the member remits all required premiums within 60 days from the "Notice of SGLI Termination" and justifies the reason for the late payment (subject to approval the Service Secretary concerned, or designee). A copy of all requests for continuation of SGLI coverage and the Service's final determination will be forwarded within 30 days to:

Director of Compensation
Attn: Termination of SGLI Coverage
ODASD(FMP)(MPP)(Comp)
Washington, DC 20301-4000

580706. Part-Time Coverage. Part-time coverage is available to certain eligible members of the Reserve Component who do not qualify for full-time coverage while performing active duty or active duty for training under calls or orders of specified periods of 30 days or less. Members may elect coverage of \$250,000 or less in \$10,000 increments, or decline coverage.

A. Deductions of SGLI Premium. The premium is \$1.00 for each \$10,000 of coverage per fiscal year. The premium due covers the entire fiscal year without regard for any portion of the fiscal year served. The annual premium is collected from the member's pay account during the first period of duty each year in which the member is in a pay status, or for those not in a pay status, by direct payment by the member to the appropriate Military Service. The premium is not prorated.

B. Election Changes. Amounts deducted for coverage before the effective date of a waiver of coverage or before an election of a lesser amount of coverage are not refunded. Should a member elect increased coverage during a year in which a duty period has already been performed, collect the difference (between the higher annual premium and the premium previously collected) during the first period of duty in which the member is in a pay status that same year, if applicable. A proof of good health is required for any increase of coverage. See Table 47-1, note 7.

C. Continuation of Coverage. Any election made continues in effect during continuous obligation to perform duty in the same Uniformed Service, including any active duty for a period of more than 30 days. For mobilization, see Table 47-1, rule 8.

580707. Appellate Leave. See Chapter 47, section 4705 of this volume.

580708. Forfeiture of Coverage. See Chapter 47, section 4706 of this volume.

580709. Refunds. See Chapter 47, section 4708 of this volume.

580710. Settlement of SGLI Claims. See Chapter 47, section 4710 of this volume.

580711. Retired Reserve. Reservist with full-time coverage will, upon retirement, have the option of converting their SGLI coverage to Veterans Group Life Insurance (VGLI). On the day that a member is assigned to (or who upon application would be eligible for assignment to) the Retired Reserve, such member's SGLI coverage will remain in effect for 120 days after separation and/or retirement. Within this 120-day

period, the member may apply for conversion to VGLI and medical proof of insurability is not required.

580712. Family Coverage Under SGLI. See section 4711 of this volume.

2. Table 47-1, rule 10, column A, 3rd line, revise to read:

paragraph 580708.

3. Revise Bibliography to read:

<u>Paragraph</u>	<u>Reference</u>
580701 -580706	38 U.S.C. 1965-1976 Public Law 102-568, October 29, 1992 38 CFR, Part 9 DoD Directive 1215.6, March 14, 1997 Public Law 104-276, section 405, October 9, 1996 Public Law 106-419, section 312, November 1, 2000 OASD(FMP)(MPP) Memorandum, March 12, 2001
580705.B.2	OASD (FMP)(MPP) memorandum, September 1, 1998